

Education and Workforce Development Cabinet

Kentucky's jobless rate drops below 9 percent in January 2012

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Editor's Note: Preliminary January and revised December labor market information are included in this release.

FRANKFORT, Ky. (March 8, 2012) — Kentucky's seasonally adjusted preliminary unemployment rate fell below 9 percent for the first time in three years as it dropped to 8.8 percent in January 2012 from a revised 9 percent in December 2011, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary January 2012 jobless rate was 1.1 percentage points below the 9.9 percent rate recorded for the state in January 2011. The state's January 2012 rate is the lowest since the January 2009 rate of 8.9 percent.

The U.S. seasonally adjusted jobless rate fell to 8.3 percent in January 2012 from 8.5 percent in December 2011, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates and are compiled to measure trends rather than actually to count people working.

In January 2012, Kentucky's civilian labor force was 2,066,349, a decrease of 2,694 individuals compared to the previous month.

"For the first time since January 2009 Kentucky's unemployment rate is below the 9 percent mark after having peaked at 10.7 percent just two years ago in January 2010," said economist Manoj Shanker of the OET. "Overall the employment indicators are moving in the right direction. An employment gain of nearly 1,300 from the previous month and a drop in unemployment of around 4,000 easily offset the net decline in the labor force."

Preliminary estimates show that since January 2011 the state has added about 19,600 jobs for an employment level of 1,884,484. The number of unemployed has fallen by more than 22,800 over the same period, said Shanker.

Seven of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported an employment increase in January 2012, while three decreased and one stayed the same, according to OET.

According to the seasonally adjusted employment data provided by the Bureau of Labor Statistics' Current Employment Statistics (CES) program, Kentucky's professional and business services sector jumped by 3,700 positions in January 2012. This area includes professional, scientific and technical services; management of companies; and administrative support and waste management, including temporary help agencies. Since last January, jobs in the sector have grown by 13,100 or about 7 percent.

"The prolonged recession has made primary employers wary about the signs of recovery. Instead of expanding their core workforce these employers first contract with employment service companies. Employment for business and technical consultants, as well as temporary help agencies have surged because of this wait-and-see attitude," said Shanker.

Construction sector jobs rose by 1,800 in January 2012. Since January 2011, employment in the construction sector has increased by 1,300 jobs.

"The unusually mild winter has caused traditional spring construction activities to move into December and January," said Shanker.

Kentucky's manufacturing sector gained 1,100 jobs in January 2012. Since January 2011, employment in the manufacturing sector has climbed by 5,800 positions.

Within manufacturing, employment in the durable goods industries was up by 7,300 jobs from a year ago. "The broad-based improvement in the national economy has resulted in an increase in consumer confidence and consumer spending. As a result, the demand for durable goods including automobiles has increased," Shanker said.

The trade, transportation and utilities sector rose by 900 jobs in January 2012. This area includes retail and wholesale trade, transportation and warehousing businesses, and utilities. It is the largest sector in Kentucky with 369,100 positions. Since January 2011, the number of jobs in this sector has jumped by 5,900.

"This sector has had 18 months of continuous year-over-year growth and is just about 4 percent short of returning to its pre-recession peak of 386,900 in October 2007," said Shanker.

Employment in the other services sector, which includes such establishments as repair and maintenance businesses; personal and laundry services; religious organizations; and civic and professional organizations, increased by 500 positions in January 2012. This sector had 100 more positions than in January 2011.

The state's leisure and hospitality sector gained 400 jobs in January 2012 compared to a month ago. Since January 2011, the sector has grown by 3,900 positions. The leisure and hospitality sector

includes arts, entertainment and recreation, accommodations and food services, and drinking places industries.

The information sector had 200 more jobs in January 2012. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has lost 400 positions since January 2011.

Employment in the mining and logging sector remained steady from December 2011 to January 2012. The number of jobs in the sector dropped by 400 from January 2011.

The government sector, which includes public education, public administration agencies and state-owned hospitals, recorded a decline of 100 jobs in January 2012. The sector had 4,300 fewer jobs than in January 2011.

The educational and health services sector fell by 400 jobs in January 2012. The sector has gained 4,700 jobs since January 2011. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

“For the second month in a row, the educational and health services sector has lost employment, which is unusual. At this point, it appears that the nursing and residential care facilities have reduced jobs,” Shanker said.

The financial activities sector decreased by 500 jobs from a month ago. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, had 1,900 fewer positions than in January 2011.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.